Michigan County Medical Care Facilities Council

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Our mission sets us apart

MAINTENANCE OF EFFORT (MOE)

Prior to 1980, County Medical Care Facilities, (MCFs) were reimbursed a Medicaid rate which had a ceiling. Most, if not all MCFs had costs that were over this ceiling. This placed MCFs in the position of having to request that their county commissioners appropriate an allocation to support their budget. Over the years MCFs have enjoyed strong support from millages approved by the citizens of the county.

County MCFs are Class III providers, mandated to serve Medicaid or the indigent on a first come first serve basis, thus serving as the state's safety-net for long-term-care skilled nursing home beds. As such, their payer mix has a larger Medicaid population than other providers and MCFs receive a higher Medicaid reimbursement rate to help pay for that caseload. In 1980, the state established the MOE tax as a way to bring in more federal money to the Medicaid system. This reimbursement system is a partnership between the state and counties with MCFs. It effectively reduced the state's share of paying out Medicaid dollars to the MCF's, while at the same time reducing the amount of money the counties paid for local support to maintain their facilities. The MOE program has allowed county MCFs to continue receiving a higher Medicaid reimbursement rate to maintain their mission, while at the same time reducing both state and county costs.

The State of Michigan has always contended that part of making-up for the shortfall in reimbursement was the financial responsibility of county governments. Consequently, the legislature directed the counties to maintain their previous levels of participation in operating their MCF, thus the term Maintenance of Effort, (MOE). In simple terms, the state passes-through county money to match federal Medicaid dollars and then directs it back to county MCF reimbursement. The design of this program effectively allows counties to obtain matching federal dollars to the extent their cost exceeded the Class I variable cost limit, but also provides an incentive for MCFs to be as efficient as possible in service delivery.*

Since 1984 the state has capped the MOE rate for MCFs and extended the cap every 5 years. Allowing the MOE cap to sunset would cause drastic increases on the county-side of the support equation for MCFs. An increase of such magnitude at a time when county budgets are reeling from cuts in revenue sharing and reimbursement of state mandated services, not to mention declining property tax revenues, would be devastating and many of our safety-net institutions would be lost.

The County Medical Care Facility Council which represents the 35 County MCFs is requesting that the state continue its partnership with MCFs by maintaining the MOE at its historic level through a 5 year sunset extension. Continuing the MOE will keep both state and county costs constant, continue a partnership that results in increased Medicaid dollars for Michigan, and maintains the safety-net provider system for our most vulnerable senior citizens.

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* Since 1984, the MOE formula required MCFs to pay 45% of the difference between the Nursing Home Class I variable cost upper limit and the MCF actual costs. Simply put, take the difference between Nursing Home Class I variable cost upper limit and the MCF actual costs. Then take the MCF cost minus the Class I limit, multiply by 45% and you have the current MOE rate. The lower the MCF cost in relationship to Class I cost, the lower the MOE, hence the incentive to control cost.